

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 728 – HB 855

March 18, 2015

SUMMARY OF ORIGINAL BILL: Adds performing arts facilities, art galleries, aquariums, zoos, and hunting and fishing preserves to the list of man-made sites that the Department of Tourist Development may place emphasis on in promotional materials at welcome centers and rest stops.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004244): Deletes all language after the enacting clause. Authorizes the Department of Transportation (TDOT) to establish a sponsorship program that allows a person or entity to sponsor a welcome center or rest area through the provision of highway-related services, products, or monetary contributions. Establishes requirements for the sponsorship program. Requires entities that enter into a sponsorship agreement with TDOT to cover any costs of manufacturing or installing signs or markers, placing sponsorship messages on signs or markers; and removing such signs, markers, and messages after the expiration or termination of the agreement. Requires revenue generated from a sponsorship for any facilities on which federal-aid funds are used to be deposited in the Highway Fund and used solely for highway purposes. Requires such revenue generated for any facilities on which federal-aid funds are not used to be deposited in the Highway Fund and used to offset costs associated with providing the facility being sponsored or for highway purposes, provided that TDOT is urged to use the revenue for highway purposes.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – Exceeds \$157,500/Highway Fund

Assumptions for the bill as amended:

- TDOT reports that monthly operating costs, excluding utilities, are approximately \$45,000 for each of the 14 welcome centers, and approximately \$18,000 for each of the 18 rest areas.
- The number of sponsorship agreements that will be entered into is unknown. However, it is reasonably estimated that at least five welcome centers and five rest areas will obtain such sponsorships upon passage of this bill as amended.
- TDOT indicates that similar programs in other states have not resulted in sponsorships covering the costs of operating the sponsored facilities. It is therefore estimated that, for

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each of the sponsored facility, at least 50 percent of the costs will be covered by the sponsoring entity.

- The resulting recurring increase in state revenue to the Highway Fund is estimated to exceed \$157,500 [(5 welcome centers x \$45,000 operating cost per center x 50% sponsorship revenue) + (5 rest areas x \$18,000 operating cost per area x 50% sponsorship revenue)].
- Any increase in expenditures for TDOT to accomplish the requirements of the proposed legislation as amended will be not significant and can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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